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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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| OMB APPROVAL | |
| OMB Number: | 3235-0123 |
| Expires: | October 31, 2004 |
| Estimated average burden hours per response..... | 12.00 |



04002266

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

REC MAIL
FEB 24 2004
SECTION 155
WASH. DC.

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| SEC FILE NUMBER |
| 8- 46500 |

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 1/01/03 AND ENDING 12/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Vision Securities, Inc.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

647 Franklin Ave.

| | | |
|--------------------|--------------------------------------|--------------|
| <u>Garden City</u> | <u>(No. and Street)</u> <u>NY</u> | <u>11530</u> |
| (City) | (State) | (Zip Code) |

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Stewart Kalter 516-294-1400

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Miceli & Koenig, CPAs, P.C.

(Name - if individual, state last, first, middle name)

| | | | |
|---------------------------------------|----------------|-----------|--------------|
| <u>485 Underhill Blvd., Suite 100</u> | <u>Syosset</u> | <u>NY</u> | <u>11791</u> |
| (Address) | (City) | (State) | (Zip Code) |

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 05 2004

**THOMSON
FINANCIAL**

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Stewart Kalter, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Vision Securities, Inc., as of December 31, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

President - Stewart Kalter
Signature

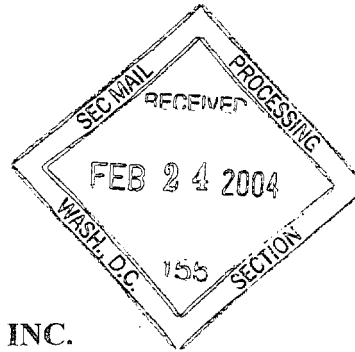
President
Title

Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**



VISION SECURITIES, INC.

FINANCIAL STATEMENT

DECEMBER 31, 2003

CRD#35001

VISION SECURITIES, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Board of Directors
Vision Securities, Inc.
Garden City, New York

We have audited the accompanying statement of financial condition of Vision Securities, Inc. as of December 31, 2003, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Vision Securities, Inc. as of December 31, 2003, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statement taken as a whole. The information contained in the supplemental schedule listed in the accompanying index is presented for the purposes of additional analysis and is not a required part of the basic financial statements, but is supplemental information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.


MICELI & KOENIG, CPAs, P.C.

Syosset, New York
February 10, 2004

VISION SECURITIES, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2003

ASSETS

ASSETS:

| | |
|--|--------------------------------|
| Cash | \$21,171 |
| Receivables from brokers, dealers and clearance account | 47,413 |
| Property and equipment, at cost, less accumulated depreciation of \$65 | 258 |
| Other assets | 88,042 |
| | <hr/> |
| Total Assets | <u><u>\$156,884</u></u> |

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

| | |
|--|--------|
| Accounts payable, accrued expenses and other liabilities | 58,796 |
| Due to related party | 200 |
| | <hr/> |
| | 58,996 |

STOCKHOLDER'S EQUITY:

| | |
|--|--------------------------------|
| Common stock - no par value; 200 shares authorized; 5 shares issued and outstanding | 4,500 |
| Additional paid-in capital | 436,059 |
| Retained deficit | (342,671) |
| | <hr/> |
| Total Stockholder's Equity | 97,888 |
| | <hr/> |
| Total Liabilities and Stockholder's Equity | <u><u>\$156,884</u></u> |

VISION SECURITIES, INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2003

REVENUES:

| | |
|-----------------|-----------|
| Commissions | \$567,676 |
| Other income | 1,300 |
| Interest income | 13 |
| | <hr/> |
| | 568,989 |

OPERATING EXPENSES:

| | |
|--|---------|
| Salaries, commissions and related expenses | 341,343 |
| Clearance and exchange fees | 78,038 |
| Occupancy and equipment rentals | 34,157 |
| Communications and data processing | 21,739 |
| Office expenses | 11,778 |
| Travel and entertainment | 12,070 |
| Professional fees | 20,632 |
| Other operating expenses | 56,771 |
| | <hr/> |
| | 576,528 |

NET LOSS

(\$7,539)

VISION SECURITIES, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2003

| | <u>Total</u> | <u>Common Stock</u> | <u>Additional Paid-in Capital</u> | <u>Retained Earnings</u> |
|---------------------------|-----------------|-------------------------|---|------------------------------|
| Balance January 1, 2002 | \$1,607 | \$4,500 | \$332,238 | (\$335,131) |
| Capital contribution | 103,820 | -0- | 103,820 | -0- |
| Net loss | <u>(7,539)</u> | <u>-0-</u> | <u>-0-</u> | <u>(7,539)</u> |
| Balance December 31, 2003 | <u>\$97,888</u> | <u>\$4,500</u> | <u>\$436,058</u> | <u>(\$342,670)</u> |

VISION SECURITIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|--|---------------|
| Net loss | (\$7,539) |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation | 65 |
| Increase in receivables from brokers and dealers | (36,638) |
| Increase in other assets | (78,292) |
| Increase in accounts payable, accrued expenses and other liabilities | <u>40,078</u> |

| | |
|--|------------------------|
| NET CASH USED IN OPERATING ACTIVITIES | <u>(82,326)</u> |
|--|------------------------|

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|-------------------------------------|--------------|
| Payments for property and equipment | <u>(323)</u> |
|-------------------------------------|--------------|

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|----------------------------|----------------|
| Additional paid-in capital | <u>103,820</u> |
|----------------------------|----------------|

| | |
|-----------------------------|---------------|
| NET INCREASE IN CASH | 21,171 |
|-----------------------------|---------------|

| | |
|--------------------------------|-------------------|
| CASH, BEGINNING OF YEAR | <u>-0-</u> |
|--------------------------------|-------------------|

| | |
|--------------------------|-------------------------------|
| CASH, END OF YEAR | <u><u>\$21,171</u></u> |
|--------------------------|-------------------------------|

VISION SECURITIES, INC.
NOTES TO FINANCIAL STATEMENT

1 - ORGANIZATION AND BASIS OF PRESENTATION

Vision Securities, Inc. (the "Company") was incorporated in the State of New York in 1993. The Company is registered as a broker-dealer with the Securities and Exchange Commission (The "SEC") and is a member of the National Association of Securities Dealers, Inc. (the "NASD"), and the Securities Investor Protection Corporation ("SIPC"). The Company does not hold funds or securities for, nor owe funds or securities to customers. Any funds or securities received by the Company are promptly transmitted to the clearing broker.

The Company executes all of its customer trades through a New York Stock Exchange member firm as an introducing broker that earns commissions on its introduced customers. The Company has an agreement with a clearing broker to clear securities transactions, carry customers' accounts on a fully disclosed basis and perform certain recordkeeping functions. Accordingly, the Company operates under the exemptive provisions of Securities and Exchange Commission Rule 15c3-3(k)(2)(ii).

The Company operated out of two locations: Garden City, New York and Fort Lee, New Jersey. The Company merged with Lantern Investments in July 1999.

The Company on May 10, 2001, entered into a branch office agreement with GCG Holdings, Inc. ("GCG").

On February 1, 2002, the issued and outstanding shares of common stock of the Company were sold by Lantern Investments, Inc. to GCG.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used when accounting for amortization, depreciation and contingencies.

Property and Equipment

Property and equipment is stated at cost. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

VISION SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D).

Property and Equipment (cont'd).

Depreciation and amortization of property and equipment is provided utilizing both the straight-line and accelerated methods over the estimated useful lives of the respective assets as follows:

| | |
|------------------|---------|
| Office Equipment | 5 years |
|------------------|---------|

Securities Transactions

Customer securities transactions are reported on a settlement date basis, while securities transactions and related commission revenues and expenses are recorded on a trade date basis. Securities listed on a national exchange are valued at the last sales price on the date of valuation. Securities not listed on a national exchange are valued at the last sales price on the date of valuation, or if such price is not available, at the bid price for securities owned and the ask price for securities sold but not yet purchased at the close of business.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid debt investments with maturity of three months or less when purchased.

The Company maintains cash and cash equivalent balances at several financial institutions which are insured by the Federal Deposit Insurance Corporation and the SIPC up to \$100,000. At December 31, 2003, the Company did not have cash or cash equivalent balances at risk.

Income Taxes

Income tax expense is computed on the pretax income for federal and state tax purposes based on the current tax law. Deferred income taxes are recognized for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end based on enacted tax laws and statutory tax rates.

Fair Value of Financial Instruments

The carrying amount reported in the statement of financial condition for accounts payable and accrued expenses approximate fair value because of the immediate or short-term maturity of these financial instruments.

VISION SECURITIES, INC.
NOTES TO FINANCIAL STATEMENT

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D).

Commissions

Commissions and related clearing expenses are recorded on a trade date basis as securities transactions occur.

3 - DUE FROM CLEARING BROKER

In accordance with the clearing agreement, all of the Company's property held by the clearing broker including, but not limited to, securities, deposits, monies and receivables are used as collateral to secure the Company's liabilities and obligations to the clearing broker.

The following amounts are due from the Company's clearing broker as reflected on the statement of financial condition as of December 31, 2003:

| | |
|------------------------|-------------------------|
| Commissions receivable | \$ 24,913 |
| Good faith deposits | <u>22,500</u> |
| | <u>\$ 47,413</u> |

4 - REGULATORY NET CAPITAL REQUIREMENTS

The Company is subject to the SEC's Uniform Net Capital Rule (15c3-1) which requires the maintenance of minimum regulatory net capital, as defined, and requires that the ratio of aggregate indebtedness to regulatory net capital, both as defined, shall not exceed 15 to 1. At December 31, 2003, the Company had regulatory net capital of \$9,588 which was \$4,588 in excess of its minimum regulatory net capital requirement of \$5,000. The company's net capital ratio was 6.15 to 1.

5 - COMMITMENTS AND CONTINGENCIES

Concentrations of Credit Risk

In the normal course of business, the Company enters into financial transactions where the risk of potential loss due to changes in market or failures of the other party to the transaction to perform exceeds the amounts recorded for the transactions.

The Company's policy is to continuously monitor its exposure to market and counter-party risk through the use of a variety of financial, position and credit exposure reporting and control procedures. In addition, the Company has a policy of reviewing the customer and/or other counter-party with which it conducts its business.

VISION SECURITIES, INC.
NOTES TO FINANCIAL STATEMENT

5 - COMMITMENTS AND CONTINGENCIES (CONT'D).

Concentrations of Credit Risk (cont'd).

As of December 31, 2003, there were no significant customer accounts having unsecured debit balances that presented any risk.

Operating Lease

The Company through its holding company has a three-year lease agreement for its office space. Annual rent amounted to \$28,110 for the year ended December 31, 2003. Minimum annual rent through April 30, 2004 is as follows:

| | |
|--|----------|
| <u>Future Minimum Lease Payments at December 31,</u> | |
| 2004 | \$ 9,260 |

6 - PROVISION FOR INCOME TAXES

There was no provision for income taxes at December 31, 2003, since the Company has available net operating loss carryforwards. The Company's policy was not to book deferred income tax benefits since it was not known if they would be utilized. As a conservative approach, the Company offsets any potential deferred tax benefit with a 100% valuation allowance.

VISION SECURITIES, INC.
COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15C3-1
FOR THE YEAR ENDED DECEMBER 31, 2003

COMPUTATION OF NET CAPITAL

| | | |
|----------------------------|--------|-----------------------|
| Total stockholder's equity | | \$97,888 |
| Less: Non allowable assets | | |
| Property and equipment | 258 | |
| Other assets | 88,042 | |
| | | <u>88,300</u> |
| Net capital | | <u><u>\$9,588</u></u> |

CONSOLIDATED COMPUTATION OF BASIC NET CAPITAL REQUIRED

| | |
|---|------------------------|
| Minimum net capital required 6-2/3% of \$58,996 pursuant to Rule 15C3-1 | <u>\$3,920</u> |
| Minimum dollar net capital requirement of reporting broker/dealer | <u>5,000</u> |
| Minimum net capital requirements of broker/dealer | <u>5,000</u> |
| EXCESS NET CAPITAL | <u><u>\$4,588</u></u> |
| EXCESS NET CAPITAL AT 1,000 % | <u><u>\$3,688</u></u> |
| AGGREGATE INDEBTEDNESS | <u><u>\$58,996</u></u> |
| RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL | <u><u>6.15</u></u> |

VISION SECURITIES, INC.
COMPUTATION OF RESERVE FORMULA PURSUANT TO RULE 15C3-3
FOR THE YEAR ENDED DECEMBER 31, 2003

EXEMPTION CLAIMED UNDER RULE 15C3-3(k)(2)(ii)



REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5

To the Shareholders and Board of Directors of
Vision Securities, Inc.
Garden City, New York

In planning and performing our audit of the financial statement and supplemental schedules of Vision Securities, Inc. ("The Company") for the year ended December 31, 2003, we considered its internal control structure, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including test of compliance, with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computation of aggregate indebtedness and net capital rule 17a-3(a)(11) and the procedures for determining compliance with exemptive provisions of Rule 15(c)3-3. We did not review practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the reductions of differences required by Rule 17a-13 or in compliance with the requirements for prompt payment of securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.


The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or fraud may occur and may not be detected. Also, protection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purpose in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2003 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, and other regulatory agencies which rely on Rule 17a(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used by anyone other than these specified parties.


MICELI & KOENIG, CPAs, P.C.

Syosset, New York
February 10, 2004